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No. 00-1946

In the Supreme Court of the United States

INSITUFORM TECHNOLOGIES, INC., INSITUFORM (NETHERLANDS) B.V., AND INSITUFORM GULF SOUTH, INC.,

Petitioners,

v.

CAT CONTRACTING, INC., FIRSTLINER U.S.A., INC., GIULIO CATALLO, MICHIGAN SEWER CONSTRUCTION COMPANY, AND KANAL SANIERUNG HANS MUELLER GMBH & CO. KG,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

KANAL SANIERUNG HANS MUELLER GmbH & CO. KG'S BRIEF IN OPPOSITION

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37 pp

QUESTION PRESENTED

The petition arises from a patent lawsuit in which the Court of Appeals for the Federal Circuit applied its *en banc* decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000), *cert. granted*, No. 00-1543 (June 18, 2001), to hold that Petitioners' claim of infringement under the doctrine of equivalents was barred by prosecution history estoppel. The Federal Circuit applied its *Festo* decision to vacate the district court's non-final determination of infringement liability, even though the finding under the doctrine of equivalents had been affirmed in a prior interlocutory appeal, and thus remanded the case with instructions to dismiss the action.

In *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 33 (1997), this Court stated that "[w]here the reason for the change was not related to avoiding the prior art, the change may introduce a new element, but it does not necessarily preclude infringement by equivalents of that element." Here, however, the reason that Petitioners' claims were narrowed was specifically to avoid a prior art rejection by the Patent Office. Because it cannot be disputed in this case that Petitioners narrowed their original application claims during prosecution for the stated purpose of overcoming a prior art rejection under 35 U.S.C. § 103, the question presented by this case is:

When a patent applicant accedes to a prior art rejection by canceling all rejected claims and by presenting new and narrower claims for the stated reason of overcoming the prior art rejection, does the doctrine of prosecution history estoppel bar the added claim elements from having any range of equivalents?

RULE 29.6 STATEMENT

Pursuant to Supreme Court Rule 29.6, respondent Kanal Sanierung Hans Mueller GmbH & Co. KG states that its successor-in-interest, Kanal Müller Gruppe Deutschland GmbH & Co. KG, is not a publicly-traded company and has no parent company. No publicly-traded company owns 10% or more of the successor-in-interest's stock. For purposes of this brief in opposition, this respondent will continue to refer to itself by the name used throughout this case, Kanal Sanierung Hans Mueller GmbH & Co. KG.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

Respondent Kanal Sanierung Hans Mueller GmbH & Co. KG ("KS") respectfully urges the Court to deny the petition for a writ of certiorari to review the decision of the United States Court of Appeals for the Federal Circuit.[1] The Federal Circuit's decision was compelled by its *en banc* decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000), *cert. granted*, No. 00-1543 (June 18, 2001), which was properly held applicable to all pending cases, including this one.

[1] Because KS is not similarly situated to the other respondents, this opposition is filed solely on behalf of KS. *See infra* note 3. It is expected that the other respondents will file their own brief in opposition.

Moreover, the petition in this case should be denied because the result achieved by the Federal Circuit's application of *Festo* is also compelled by a proper interpretation of this Court's decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997).

OPINIONS BELOW

The Federal Circuit's decision for which review is being sought is unpublished. The decision is reprinted at Petitioners' Appendix ("Pet. App.") 1-17, and is unofficially reported at 58 U.S.P.Q.2d 1392 (Fed. Cir. 2001) ("*Insituform III*"). That appeal was taken pursuant to 28 U.S.C. § 1295(a)(1) from the district court's final judgment. Pet. App. 61-62. The district court's findings and conclusions that support the final judgment are reprinted at Pet. App. 63-135.

This case has also been the subject of two prior appeals to the Federal Circuit brought pursuant to 28 U.S.C. § 1292(c)(2), which allows for interlocutory appeals in bifurcated patent cases that are "final but for an accounting." The Federal Circuit's decision on the first appeal is reported at 99 F.3d 1098 and is reprinted at Pet. App. 36-60 ("*Insituform I*"). That decision affirmed the district court's entry of judgment notwithstanding the verdict ("JNOV") of no literal infringement, vacated the district court's finding of infringement under the doctrine of equivalents, and remanded the case for further proceedings on the latter issue under the proper claim construction articulated by the Federal Circuit. Pet. App. 37.

The Federal Circuit's decision on the second interlocutory appeal is reported at 161 F.3d 688 and is reprinted at Pet. App. 18-35 ("*Insituform II*"). That decision

affirmed the district court's post-remand finding that one accused process ("Process 1") infringed under the doctrine of equivalents, but reversed the district court's finding that the other accused process ("Process 2") infringed under the doctrine of equivalents. Pet. App. 19-20.

JURISDICTION

The district court had jurisdiction under 28 U.S.C. § 1338(a). The jurisdiction of the Court of Appeals was based on 28 U.S.C. § 1295(a)(1). The decision of the Court of Appeals was rendered on March 26, 2001. This Court has jurisdiction under 28 U.S.C. § 1254(1).

The petition for certiorari was filed on June 28, 2001. All respondents waived filing oppositions, but the Court later requested that responses be filed by September 28, 2001. The time for filing such oppositions was subsequently extended until October 26, 2001.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

There are no constitutional or statutory provisions to be interpreted in this case. As explained herein, the decision at issue involves a case-specific application of the doctrine of prosecution history estoppel, which is itself a limitation on the doctrine of equivalents as may be applied in patent infringement cases.

STATEMENT OF THE CASE

A. Nature And Stage Of The Proceedings

The patent-in-suit, U.S. Patent No. 4,366,012 ("the '012 patent"), is directed to a specific method of using a vacuum cup to facilitate impregnation of a sewer rehabilitation hose with thermosetting resin. Pet. App. 43-44. The underlying patent infringement litigation was commenced by Petitioners (collectively "Insituform") in February 1990, alleging that the method covered by claim 1 of the '012 patent was infringed by CAT Contracting, Inc., Firstliner U.S.A. (formerly known as Inliner U.S.A.), and Michigan Sewer Construction Company (collectively "the U.S. Defendants") with respect to certain sewer repair processes performed by the Defendants in the United States. Pet. App. 37-39. KS, a German business, was alleged to be liable solely under 35 U.S.C. § 271(b) for having actively induced the direct infringement of the U.S. Defendants. Pet. App. 33-34.

Shortly after being filed, the case was ordered bifurcated into a liability trial (*i.e.*, infringement and validity issues) and, if necessary, a damages trial. Pet. App. 4. In June 1991, the liability issues were tried before a jury, which returned a verdict of general infringement and no invalidity. *Id.* However, the district court granted JNOV of no literal infringement and further granted a new trial on the doctrine of equivalents. Pet. App. 4. The district court also upheld the jury's validity verdict. *Id.*

Nearly four years later, in February 1995, the doctrine of equivalents issue was tried without a jury to the district court (before a different district judge). Pet. App. 38. The district court issued findings and conclusions that certain of the U.S. Defendants' disputed activities (*i.e.*, "Process 1" and

"Process 2") infringed claim 1 of the '012 patent under the doctrine of equivalents. Pet. App. 258. Because the case was then "final but for an accounting," an interlocutory appeal of the liability determination was taken by all defendants to the Federal Circuit pursuant to section 1292(c)(2). Petitioners cross-appealed the prior ruling of no literal infringement. Pet. App. 36-37.

In *Insituform I*, the Federal Circuit affirmed the district court's grant of JNOV of no literal infringement based on the claim construction that "claim 1 must be construed as reading only on a one cup, discontinuous vacuum process." Pet. App. 48-53, at 53. However, the Federal Circuit remanded the case for a new trial on the doctrine of equivalents because the second district judge had applied a different and incorrect claim construction during the retrial of that aspect of the case. Pet. App. 53-59.

After receiving additional briefing from the parties, the district court revised its findings in light of the *Insituform I* decision and again concluded that both Process 1 and Process 2 infringed claim 1 of the '012 patent under the doctrine of equivalents. Pet. App. 230. Once again, that liability finding was appealed to the Federal Circuit under section 1292(c)(2). Pet. App. 19. In September 1997, while that second interlocutory liability appeal was pending, the district court conducted an additional bench trial to resolve the bifurcated damages issues arising from that court's finding of infringement. Pet. App. 136.

On September 3, 1998, the district court issued its findings and conclusions on the damages issues resulting from the U.S. Defendants' infringing use of Process 1 and Process 2. Pet. App. 136-201. In that same decision, the district court found that KS did not know of the '012 patent during the period of its allegedly inducing acts, and thus did

not have the knowledge required to actively induce any direct infringement by the U.S. Defendants. Pet. App. 178-81 (referring to KS by the abbreviation "KM" (Pet. App. 138)).

In *Insituform II*, however, the Federal Circuit only affirmed the district court's finding that Process 1 (resin impregnation using multiple vacuum cups) infringed claim 1 of the '012 patent under the doctrine of equivalents, and reversed the finding that Process 2 (resin impregnation using vacuum needles) infringed. Pet. App. 18-35.[2] In addition, the Federal Circuit agreed (after being informed on rehearing by KS of the district court's intervening finding) that there was no evidence that KS had any knowledge of the '012 patent when it committed the acts that allegedly induced infringement by the U.S. Defendants, but again remanded for additional findings as to whether a related German company alleged to have such knowledge was KS' alter ego. Pet. App. 33-34.

The district court then revised its damages decision in light of *Insituform II* to restrict the measure of damages to Process 1 (the only process still found to be infringing) and to resolve the other remaining issues implicated by the remand. Those revised findings and conclusions were issued on August 31, 1999. Pet. App. 63-135. As to the remanded alter ego issue, the district court found that Petitioners had failed to prove that KS was liable for inducing infringement under that theory. Pet. App. 110-114. Having resolved all issues in the case, the district court also entered Final Judgment on August 31, 1999. Pet. App. 61-62.

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[2] The *Insituform II* opinion reprinted at Pet. App. 18-35 is the substance of the modified opinion entered on November 17, 1998 and reported at 161 F.3d 688, but mistakenly bears the date of the Federal Circuit's original opinion reported at 156 F.3d 1199 that was superseded upon being modified on rehearing. *See* Pet. App. 4 n.2.

The U.S. Defendants (together with Guilio Catallo, who was added after the final judgment as a defendant liable for the damages (Pet. App. 2)) again appealed to the Federal Circuit, contesting the manner and measure of damages imposed, Petitioners' standing to sue, the belated joinder of Mr. Catallo, and other issues. Pet. App. 2. Petitioners cross-appealed on several issues, including the finding that KS was not liable for inducing infringement.[3] *Id.* After all briefing was completed, oral argument was held on November 3, 2000. Twenty-six days later, while those appeals were pending, the Federal Circuit issued its *en banc* decision in *Festo* on November 29, 2000.

On December 28, 2000, the U.S. Defendants filed a motion seeking to have the Federal Circuit apply its *Festo* decision to this case and to vacate the liability finding under the doctrine of equivalents. Pet. App. 8. On January 2, 2001, KS filed its own motion on that issue, providing additional legal support as to why *Festo* could and should be applied to this case, but also requesting that the Federal Circuit separately affirm the district court's finding that KS was not liable for inducement under the belatedly-introduced alter ego theory. *Id.*

On March 26, 2001, the Federal Circuit issued its decision in *Insituform III*, holding that *Festo* could be applied to revisit the earlier, non-final infringement rulings under the doctrine of equivalents reached in the interlocutory appeals in *Insituform I* and *Insituform II*. Pet. App. 8-12. The Federal

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[3] The petition erroneously groups all respondents together. *See, e.g.*, Petition, at 2. Because KS was found not liable as an infringer, KS was not aligned as an appellant in the third appeal before the Federal Circuit, but was merely an appellee with respect to Petitioners' cross-appeal. Pet. App. 1-2. Because KS is not similarly situated to the other respondents, KS has been separately represented since the second appeal.

Circuit also held that prosecution history estoppel barred a finding that Process I infringed the '012 patent under the doctrine of equivalents because claim 1 had been narrowed during prosecution for a reason related to patentability, such that the multiple cup process used by the U.S. Defendants (Process 1) could not be equivalent to the process in patent claim 1 as a matter of law. Pet. App. 13-16.

Having resolved the case on that basis, the Federal Circuit did not reach the district court's finding that KS was not liable under an alter ego theory.[4] Pet. App. 17 n.3. Instead, the Federal Circuit remanded the case with instructions to vacate all orders as moot that were entered after the finding of infringement and to dismiss the case as to all parties. Pet. App. 17. On June 18, 2001, this Court granted the petition for certiorari filed in the *Festo* case. The petition in this case was filed ten days later.

B. Necessary Factual Background[5]

1. The Cured-In-Place Technology

Underground conduits, such as sewer pipes, are subject to various stresses that can cause cracks and other structural defects to develop over time. Historically, rehabilitation of such damaged conduits involved excavating and replacing the compromised conduit or section of pipe. Eventually, processes were developed to rehabilitate an

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[4] *See, e.g., Met-Coil Sys. Corp. v. Korners Unlimited, Inc.*, 803 F.2d 684, 687 (Fed. Cir. 1986) (absent direct infringement, there can be no inducement of infringement).

[5] For purposes of this opposition, the citations to the factual background will be to the prior opinions in this case contained in the Petition Appendix.

underground conduit or sewer without having to dig it up or otherwise remove it. Pet. App. 40-41.

The technology involved in this lawsuit is commonly referred to as "cured-in-place" pipe ("CIPP"). In general terms, CIPP technology involves the use of a pliant lining hose or tube that comprises a resin-absorbing layer (e.g., felt) surrounded by an impermeable skin (e.g., polyvinyl chloride (PVC) film). The felt is saturated with a thermosetting resin that hardens when heated. Pet. App. 40-48.

In practice, the lining tube is "inverted" into the damaged pipe through an access point, such as a manhole, so that the resin-soaked felt contacts the inside surface of the pipe and the PVC film becomes the inside diameter surface of the lining tube. Pet. App. 40-41. Once the tubular liner is in place, hot water is pumped under pressure through the PVC-lined inside surface of the tube, which forcefully expands the tube against the pipe and hardens or "sets" the resin. The hardened lining tube will generally conform to the shape of the original pipe, thus rehabilitating the pipe without having to excavate the compromised pipe. *Id.*

2. The Everson Patent Cited As Prior Art

The only prior art reference cited during prosecution of the '012 patent was U.S. Patent No. 4,182,262 to Everson ("the Everson patent"). Pet. App. 43. The Everson patent issued in January 1980, more than a year before the application for the '012 patent was filed. Pet. App. 41. Like the '012 patent, the Everson patent is directed to CIPP technology, and teaches both an apparatus and a method for impregnating the felt lining of a flexible lining tube with resin. Pet. App. 41-42.

Everson disclosed using a vacuum pump attached by a hose to one end of the length of tubing to be impregnated. Pet. App. 41. The Everson process is described as follows:

> When the tube is engaged in the throat [between the conveyor belt and the first flattener roller], the motor driving the vacuum pump is energized, creating a negative pressure in the reservoir, the hose, and the end of the tube opposite the leading end. *The impervious outer lamina [of the tube] minimizes intrusion of air into the tube so that an effective vacuum can be maintained.* The negative pressure urges the fluid resin to flow within the tube toward said opposite end. *The combined action of the flattener and the vacuum system thus cause[s] the resin thoroughly to impregnate the absorbent lamina of the length of the tube required to line the passageway.*

Pet. App. 41-42 (emphasis and first bracketed material added).

The Everson patent thus discloses the benefits of creating a maintained or continuous vacuum inside the tube and using flattener or squeeze rollers to impregnate the tube thoroughly with resin. In *Insituform I,* the Federal Circuit noted that Everson required attaching the vacuum at only one place and "applying that vacuum *continuously* throughout the impregnation process." Pet. App. 42 (emphasis in original). As explained in *Insituform II*, the Everson patent "discloses nothing about multiple vacuum sources or their placement on the liner close to the resin front." Pet. App. 24. It is in this context that Petitioners' prosecution amendments to its

rejected claims to distinguish them from the cited Everson patent must be analyzed.

3. The '012 Patent

Based on an application filed in February 1981, the '012 patent is directed generally to using a *discontinuous* vacuum and squeeze rollers to impregnate a lining tube with resin. Pet. App. 47-48, 51-53. In *Insituform I* and *Insituform II*, the Federal Circuit held that the written description and the drawings of the '012 patent disclosed only a single cup that created a discontinuous vacuum near the resin front. Pet. App. 51-53; Pet App. 23.

As filed, the application for the '012 patent had nine claims, with only the first four being relevant to this lawsuit.[6] Original claims 1-4 are reprinted in their entirety at Pet. App. 44-45. As shown, original independent claim 1 was broadly drawn to drawing a vacuum within the tube. Original claim 2, which depended from claim 1 (*i.e.*, 2→1), added the limitation of using a quantity of resin calculated to thoroughly impregnate the tube.[7] Claim 3, which depended

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[6] Original application claims 7-9 were withdrawn from consideration by Insituform during prosecution, and claims 5-6 were directed to subject matter not at issue. Pet. App. 44.

[7] A dependent claim is defined as one which contains all of the limitations of the independent claim from which it depends in addition to its own additionally recited limitations. 35 U.S.C. § 112 ¶ 4; *see Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1553 (Fed. Cir. 1989). It should be noted that the terms "limitation" and "element" are often used interchangeably (and inconsistently) to refer to the words of a claim. *See* 35 U.S.C. § 112 (referring both to "element of a claim" and "all limitations of the claim.") In *Festo*, the Federal Circuit urged the bar to use "limitation" to refer to claim language and to reserve "element" for the accused device or process. *Festo*, 234 F.3d at 563 N.1. Thus, hereinafter KS will refer to the words of a claim as "limitations."

from claim 2 (*i.e.*, 3→2→1), added the limitation of using a pressure applying nip roller to facilitate impregnation. Lastly, claim 4, which also depended from claim 2 (*i.e.*, 4→2→1), added the limitation of applying the vacuum to the inside of the tube by a cup placed over a window cut in the wall of the tube. *Id.*

In its first and only substantive office action, the United States Patent and Trademark Office ("PTO") rejected all pending claims in light of the Everson patent, specifically stating that:

> [c]laims 1-6 are rejected under 35 U.S.C. § 103 as unpatentable over Everson et al. The claimed process does not appear to differ in any unobvious aspect from that of the reference.

Pet. App. 45-46. In response, Petitioners cancelled rejected claims 1-6 and submitted new application claims 10, 11 and 12 in their stead. Pet. App. 46. Claim 10 was the only new independent claim. Pet. App. 209-210.

In explaining new application claim 10, Petitioners argued that "Claim 10 incorporates the substance of cancelled claims 1, 2, 3, and 4." Pet. App. 209. Petitioners' description to the PTO of the structure of new claim 10 was accurate. New claim 10 recited all limitations of rejected claim 3 (*e.g.*, squeezing members) and all limitations of rejected claim 4 (*e.g.*, discontinuous vacuum created by placing a cup over a window), thus making it narrower in literal scope than either original claim 3 or 4 (or any other rejected claim). *See* Pet. App. 22 n.3.

In contrast, Petitioners now argue to this Court that original claim 4 had been amended "only to reflect the

dependency acknowledged in the Original Application." Petition, at 5; *see also id.* at 14 (asserting that claim 4 was "restated to make explicit what had been implicit by reason of that dependency" but asserting that "it was not otherwise changed"). However, original claim 4 was dependent only upon claim 2, and thus did not incorporate claim 3. Pet. App. 44-45; *see* 35 U.S.C. § 112, ¶ 4.

New application claim 10 was therefore not original claim 4 merely rewritten in independent form. Petitioners had never submitted an original application claim to the PTO having the specific combination of claim limitations found together in original claims 1, 2, 3 and 4, *i.e.*, a single claim requiring pressure applying rollers and a vacuum cup. That fact is significant when resolving whether claim 10, which was added by amendment, had been "narrowed" relative to the canceled claims.

Petitioners' stated reasons for canceling the rejected claims and presenting new claim 10 focused on the perceived differences between the recited limitations of claim 10 and the Everson patent. Specifically, Petitioners argued that their discovery improved the effectiveness of the Everson method "by forming a window in the tube's impermeable skin, drawing the resin to the region of the window by a vacuum ..., sealing the window, and repeating the process at another window farther downstream." Pet. App. 46. Thereafter, application claim 10 issued as claim 1 of the '012 patent, the only claim at issue in this litigation.

In *Insituform I*, the Federal Circuit reviewed the district court's construction of patent claim 1 and held that:

> rather than describing the process in terms of more than one cup, [patent] claim 1 specifically describes using the same cup

> repeatedly. Also, claim 1 uses the phrase "region of vacuum application" in a manner indicating that only one such region exists at any given time. This use of the phrase "region of vacuum application" is thus inconsistent with the use of more than one cup at any given time, so each cup creates its own associated region of vacuum application. Likewise, it is also inconsistent with the creation of a continuous, rather discontinuous, vacuum.

Pet. App. 50-51. Thus, by canceling the rejected claims and presenting claim 10 in response to the rejection based on Everson, Petitioners narrowed the claims to require use of a single vacuum cup near the resin front to create a discontinuous vacuum inside the tube, thereby distinguishing over Everson's continuous vacuum source at the far end.[8]

4. The Accused Processes

The U.S. respondents utilized two accused processes, which are the subject of the direct infringement allegations at issue here. In "Process 1," which is also known as the "Multiple Cup Process," approximately four to six cups were used to simultaneously draw a continuous vacuum from a corresponding number of slits in the tube. Pet. App. 20-21. As a result, when the cup closest to the advancing resin is removed and the slit beneath it is sealed, the remaining downstream cups continue to draw a vacuum in the tube. *Id.*

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[8] Could Petitioners have presented a different and perhaps broader claim that still would have patentably distinguished over the Everson patent? The answer does not matter. Such inquiry at this late stage is improper. The focus is on the limitations added by the amendment to overcome the rejection. *See Warner-Jenkinson*, 520 U.S. at 33 n.7.

In "Process 2", which is also known as the "Multiple Needle Process," multiple metal tubes, known as needles, are inserted into the tube rather than merely placed over holes in the wall of the tube. Pet. App. 20-21. Thus, when using needles, a continuous vacuum is drawn from the inside of the tube through the inside of the needle and not from the felt through a window in the tube. *Id.* This process was held in *Insituform II* not to infringe the '012 patent under the doctrine of equivalents. Pet. App. 29-31.

REASONS FOR DENYING THE PETITION

This case involves a straightforward application of the doctrine of prosecution history estoppel to a specific factual situation in which application claims were narrowed for the expressly stated purpose of overcoming a prior art rejection under 35 U.S.C. § 103. Having thus narrowed the claims for a reason clearly related to patentability, the Federal Circuit correctly held, relying on its *en banc* decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. Nov. 29, 2000), *cert. granted*, No. 00-1543 (June 18, 2001), that no range of equivalents is available for the added claim limitations, and thus properly remanded the case to be dismissed.

Because this Court granted certiorari in *Festo*, KS concluded that the resolution of the present petition would likely follow directly from this Court's disposition of *Festo*, and KS initially waived its response to the petition. On the one hand, should the Federal Circuit's decision in *Festo* be affirmed by this Court, then the present petition would seemingly be easily denied because the Federal Circuit's application of the rule in *Festo* to the present facts is clearly correct and presents no independent issue warranting this Court's additional review.

On the other hand, if the Federal Circuit's decision in *Festo* is not affirmed by this Court, KS recognizes that this Court could grant the present petition, vacate the Federal Circuit's decision, and remand the case for further consideration in light of this Court's opinion in *Festo*. However, because this Court requested respondents to file a response to the petition, despite their waiver, it appears that application of the "GVR" procedure may not be automatic. With that in mind, KS shows herein why this petition should

be denied even if the Federal Circuit's decision in *Festo* is reversed, modified, or remanded because this Court's earlier decision in *Warner-Jenkinson* provides independent grounds for the Federal Circuit's result.

In addition, the Federal Circuit correctly determined that this Court's decisions in *Harper v. Virginia Dep't of Taxation*, 509 U.S. 86 (1993), and *James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529 (1991), mandate that the rule in *Festo* be applied to all pending patent cases. The same would be true for applying the rule announced by this Court in *Warner-Jenkinson*. For purposes of applying those rules, the present case was and remains a pending civil case to which any intervening *en banc* decision of the Federal Circuit or this Court will apply, even though prior interlocutory appeals addressing liability for the other defendants' infringement under the doctrine of equivalents were previously decided by the Federal Circuit. Hence, any complaint that "retroactive" application of any new law was "unfair" was properly rejected.

A. Petitioners' Application Claims 1-6 Were Rejected Over Prior Art, Canceled, And Replaced By Clearly Narrower Claims

Petitioners' original application claims 1-6 were each rejected as unpatentable as obvious in light of the Everson patent. In the January 1982 Office Action, the PTO stated:

> Claims 1-6 are rejected under 35 USC 103 as unpatentable over Everson et al. The claimed process does not appear to differ in any unobvious aspect from that of the reference.

Pet. App. 45-46. In addition, the PTO rejected claims 1-6 under 35 U.S.C. § 112.

By entering the obviousness rejection, one of the PTO's stated reasons for rejecting application claims 1-6 was that the claims were deemed to describe subject matter that was disclosed in or obvious in view of the cited prior art reference.[9] For that reason, the broad issue raised by the Petitioner in *Festo* concerning "whether every claim-narrowing amendment designed to comply with a provision of the Patent Act – including those provisions not related to prior art" should give rise to prosecution history estoppel is not implicated by this case. Without question, Petitioners' claims in this case were rejected by the PTO for patentability reasons related to prior art.

To overcome the prior art rejection of application claims 1-6, Petitioners could have tried to submit arguments why the Everson patent had been misapplied to reject those claims (in hopes of convincing the PTO that the rejections should be withdrawn). Alternatively, Petitioners could have amended one or more of the rejected claims by adding additional limitations in an attempt to avoid the PTO's application of Everson. However, about two months after receiving the Office Action rejecting claims 1-6, Petitioners instead chose to cancel all the rejected claims (and claims 7-9) and to add new and indisputably narrower claims (application claims 10, 11, and 12).

Petitioners acknowledged to the PTO at that time that "[c]laim 10 incorporates the substance of cancelled claims 1, 2, 3, and 4." Pet. App. 209. Now, in an attempt to avoid the

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[9] In *Insituform I*, the Federal Circuit noted that application claims 1 and 2 were broad enough to cover the Everson method literally. Pet. App. 56. In other words, the Everson Patent anticipated, and not merely rendered obvious, the subject matter of claims 1 and 2. *See Lewmar Marine, Inc. v. Barient, Inc.*, 827 F.2d 744, 747 (Fed. Cir. 1987) (the classic test is that which literally infringes if later, anticipates if earlier).

barring effect of prosecution history estoppel required both by the Federal Circuit's decision in *Festo* and by this Court's decision in *Warner-Jenkinson*, Petitioners argue to this Court that added claim 10 merely republished all of the limitations of cancelled claims 1, 2, 3 and 4 (Petition, at 5, 14) and, therefore, that no narrowing amendment should be deemed to have been made in response to the PTO's rejection of claims 1-6 over the Everson patent.

Petitioners' current characterization of application claim 10 is inaccurate. Prior to the rejection of claims 1-6 over the Everson patent, Petitioners had never presented a single claim, whether in independent or dependent form, that combined all of the limitations found in original application claims 1, 2, 3 and 4. In other words, Petitioner had never presented an independent or dependent claim that required the "applying a vacuum to the inside of a ... tube" limitation in original claim 1, the "quantity [of resin] calculated effectively to impregnate" limitation of original claim 2, the "pressure applying nip" limitation of original claim 3, and the "vacuum applied through a window ... by ... a cup" limitation found in original claim 4. *See* Pet. App. 44-45.

New application claim 10 -- introduced after the rejected claims were canceled -- recited for the first time all four of the above limitations in some form in the same claim. Pet. App. 22 n.3. A patent claim becomes narrower in scope whenever a limiting word or phrase is added that was not previously recited in the claim.[10] Because application claim 10 contains more limitations than any of the individual

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[10] *See Laitram Corp. v. NEC Corp.*, 163 F.3d 1342, 1349 (Fed. Cir. 1998) (addition of limitation narrowed the original claim); *cf. In re Freeman*, 30 F.3d 1459, 1464 (Fed. Cir. 1994) (a claim is broader if it contains within its scope any conceivable apparatus or process that would not have infringed the original claim).

rejected claims that were canceled, it is beyond the pale to contend that application claim 10 (which issued as claim 1 of the '012 patent) was not narrower in literal scope than any prior pending claim.

A direct comparison of application claim 10 and rejected application claims 1, 2, 3, and 4 confirms that claim 10 (which issued as claim 1 of the '012 patent) actually contains several other limitations not at issue in this case in addition to containing all substantive limitations of application claims 1, 2, 3, and 4. *Compare* Pet. App. 22 n.3 *with* Pet. App. 44-45. As the Federal Circuit recognized in both *Insituform II* and *Insituform III*, new claim 10 was narrower than any claim pending prior to the rejection. *See* Pet. App. 24 ("in its response to the PTO rejection, Insituform cancelled application claim 1 and filed a new narrower claim in its place"); Pet. App. 5. Thus, Petitioners' amendment that added claims 10 was both narrowing and expressly related to overcoming prior art.

B. The Writ Should Be Denied Because The Same Result Is Obtained By Applying The Federal Circuit's *Festo* Decision Or This Court's *Warner-Jenkinson* Decision

It is not KS' purpose in this opposition to predict the outcome of this Court's review of the Federal Circuit's *en banc* decision in *Festo*, nor even to summarize the detailed analyses presented by the parties and *amici* in that case. KS does note, however, that the present case implicates, at most, only the third question addressed by the Federal Circuit's *Festo* decision:

> If a claim amendment creates prosecution history estoppel, under *Warner-Jenkinson* what range of equivalents, if any, is available

> under the doctrine of equivalents for the claim element so amended?

Festo, 234 F.3d at 563. Suffice it to say that if the Federal Circuit's *Festo* decision is affirmed, or its rationale for applying prosecution history estoppel is upheld, the present petition should easily be denied. As shown, Petitioners clearly narrowed the original claims that had been rejected by the PTO for reasons related to patentability. Hence, Petitioners were correctly held to be entitled to no range of equivalents for the added limitations, leaving no infringement liability for any of the Defendants in this case.

Nevertheless, even if the Federal Circuit's decision in *Festo* were reversed, modified, or remanded by this Court, KS submits that the petition in this case should still be denied on the basis of this Court's decision in *Warner-Jenkinson*. In that case, this Court explained how patent claims serve both a definitional and a notice function:

> [We] place the burden on the patent holder to establish the reason for an amendment required during patent prosecution. *The court then would decide whether that reason is sufficient to overcome prosecution history estoppel as a bar to application of the doctrine of equivalents to the element added by amendment.* Where no explanation is established [for a narrowing amendment], however, the court should presume that the PTO had a substantial reason related to patentability for including the limiting element added by amendment. *In those circumstances, prosecution history estoppel would bar the application of the doctrine of equivalents as to that element.*

520 U.S. at 33 (emphasis added). This Court then reiterated this new rule of law in its concluding paragraphs:

> [I]f the patent holder demonstrates that an amendment required during prosecution had a purpose unrelated to patentability, a court must consider that purpose in order to decide whether an estoppel is precluded. Where the patent holder is unable to establish such a purpose, a court should presume that the purpose behind the required amendment is such that prosecution history estoppel would apply.

520 U.S. at 40-41. Thus, for purposes of this brief in opposition, KS necessarily assumes that this Court's resolution of the *Festo* case will remain consistent with (and perhaps clarify) the prior teachings set forth in *Warner-Jenkinson*.

The prosecution history of the patent at issue in *Warner-Jenkinson* showed that the upper pH limit of 9.0 was added to overcome cited prior art, which disclosed a "process operating at a pH above 9.0," but that history was silent as to why the lower pH limit of 6.0 was added (as it was not conceivably necessary to avoid the cited art). 520 U.S. at 22, 32. Here, Petitioners' narrowing amendment is comparable to the addition of the "9.0 pH" limitation in *Warner-Jenkinson* because Petitioners provided the PTO and the public with an explicit reason for replacing the rejected claims with new claims 10, 11 and 12: avoidance of the prior art. Pet. App. 46.

In Petitioner's Amendment responding to the Office Action that rejected claims 1-6, Petitioners' remarks specifically distinguished the Everson patent from newly

added claim 10. Petitioners described Everson as "ineffective when dealing with long lengths of tubes because that requires an exceedingly large suction compressor" to maintain a continuous vacuum at the resin front. Pet. App. 46. Petitioners then characterized claim 10 as solving Everson's "ineffectiveness" by:

> forming a window in the tube's impermeable skin, drawing the resin to the region of the window by a vacuum while squeezing the tube to force the resin to flow toward the the evacuated region, sealing the window, and repeating the process at another window farther downstream.

Id. However, Everson had already taught the concept of "drawing the resin to the [end of the tube] by a [continuous] vacuum while squeezing the tube to force the resin to flow toward the the evacuated region." Pet. App. 41-42. Thus, the distinguishing limitations necessarily relied upon by Petitioners were "forming a window in the tube's impermeable skin," "drawing the resin to the region of the window by a vacuum ..., sealing the window, and repeating the process at another window farther downstream." Pet. App. 46.

Petitioners intentionally elected to include those distinguishing limitations in new claim 10 in a manner that the Federal Circuit construed in *Insituform II* as being "literally limited to the use of one vacuum cup," which inherently produces a discontinuous vacuum at the resin front. Pet. App. 48-53. If *Warner-Jenkinson* holds that narrowing amendments must be presumed to be for reasons related to patentability when no explanation is provided, 520 U.S. at 33-34, 41, the explicit and unambiguous explanation in Petitioners' file history stating that the narrowing

limitations were in fact added to overcome the prior art must create more than a presumption, and must also be at least as binding as that presumption.

Upon interpreting *Warner-Jenkinson* in that logical and correct manner, the only issue presented in this case is whether Petitioners were entitled to any equivalents for the specific limitations added to distinguish over the Everson patent. Where the reason for the narrowing amendment was admittedly to avoid the cited prior art, rather than merely presumed to be for that reason, *Warner-Jenkinson* as applied to this case requires the result that the "a vacuum cup" limitation added to avoid the cited Everson prior art patent must be barred by prosecution history estoppel from having any range of equivalents.

That means the doctrine of equivalents cannot be applied to claim 1 in a manner to capture the accused multi-cup Process 1. That is what the Federal Circuit concluded in *Insituform III* when vacating the district court's finding of infringement liability under the doctrine of equivalents that had not previously been foreclosed by *Insituform I* and *Insituform II*. Hence, unless *Warner-Jenkinson* is itself altered, the petition should be denied regardless of this Court's eventual decision in *Festo*.

C. The Federal Circuit Correctly Vacated The Prior Holdings Of Infringement Under The Doctrine Of Equivalents Because This Case Was Pending When *Warner-Jenkinson* And *Festo* Were Decided

Finally, Petitioners' complaint about the Federal Circuit's allegedly "retroactive" and "unfair" application of *Festo* to this case was properly rejected. In *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86, 97 (1993), this Court provided the controlling law on this issue:

> When this Court applies a rule of federal law to the parties before it, that rule is the controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review and as to all events, regardless of whether such events predate or post-date our announcement of the rule.

The rule announced in *Harper* was preceded by *James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529 (1991), where this Court held that it would be error for a court to refuse to apply a rule of federal law retroactively after such rule has already been applied to the parties involved in the case in which the new rule was announced. *Id.* at 540.

Contrasting the situation in which a suit was no longer pending, the lead opinion in *Beam* stated that "when the Court has applied a rule of law to litigants in one case it must do so with respect to all others not barred by procedural requirements or res judicata. 501 U.S. at 544 (Souter, J.). In *Harper*, this Court expressly adopted the rule that had been effectively applied by the majority in *Beam*.

> *Beam* controls this case, and we accordingly adopt a rule that fairly reflects the position of a majority of Justices in *Beam*: When this Court applies a rule of federal law to the parties before it, that rule is the controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review and as to all events, regardless of whether such events predate or postdate our announcement of the rule.

509 U.S. at 97. Because this case was still open on direct review, the Federal Circuit correctly held that neither its prior interlocutory decisions nor law of the case doctrine prevented application of *Festo* to this case. Pet. App. 8-12.

While *Harper* and *Beam* involved rules of law announced by this Court, their rationale applies whenever a federal court's decision is controlling on subsequent panels of the same court or lower courts. The Federal Circuit follows *Harper* and *Beam* in areas within its exclusive jurisdiction. *See, e.g., Newport News Shipbuilding & Dry Dock Co. v. Garrett*, 6 F.3d 1547, 1554 (Fed. Cir. 1993) (citing *Beam* in holding that the ASBCA and the Federal Circuit must apply a recent Federal Circuit decision that had applied its new rule to the litigants before it); *Santa Fe Engineers, Inc. v. Garrett*, 991 F.2d 1579, 1584 (Fed. Cir. 1993) (following *Beam* in holding that rule announced in prior Federal Circuit decision was binding on litigants in a pending case). Because prosecution history estoppel and the doctrine of equivalents arise within the Federal Circuit's jurisdiction, the *en banc* decision in *Festo* would apply to all pending patent cases in the Federal Circuit and federal district courts (subject to this Court's pending review).

The rationale that an appellate court is bound to apply the law in existence at the time of its own decision originated with *United States v. Schooner Peggy*, 5 U.S. 103, 110 (1801), where Chief Justice Marshall explained:

> It is in the general true that the province of an appellate court is only to inquire whether a judgment when rendered was erroneous or not. But if subsequent to the judgment and before the decision of the appellate court, a law intervenes and positively changes the rule which governs, the law must be obeyed, or its

> obligation denied. If the law is constitutional, and of that no doubt in the present case, has been expressed, I know of no court which can contest its obligation. . . . In such a case the court must decide according to the existing laws, and if it be necessary to set aside a judgment, rightful when rendered, but which cannot be affirmed but in violation of law, the judgment must be set aside.

Thus, the rationale of *Harper* supports concluding that the application of a rule of federal law to the parties in a particular case requires every court bound by that precedent to give effect to the new rule of law in any case that is still pending at the time of that decision.

Notwithstanding the Federal Circuit's direct reliance on *Harper* and *Beam*, Petitioners bury those cases in a footnote without analysis, instead relying on *Eastern Enterprises v. Apfel*, 524 U.S. 498, 532-34 (1998), which only deals with the "retroactive" effect of legislation enacted by Congress. *See* Petition, at 22-24. However, even Petitioners eventually concede that "the nature of judicial decision argues for retrospective application." *Id.* at 26; *see Landgraf v. USI Film Products*, 511 U.S. 244, 278 n.32 (1994) (noting that this Court has "established a firm rule of retroactivity" for judicial decisions).

Finally, KS recognizes that several *amici* before this Court in *Festo*, while citing the present case, have argued that *Chevron Oil Co. v. Huson*, 404 U.S. 97 (1971), should somehow control over the later *Beam* and *Harper* decisions such that *Festo* (and presumably *Warner-Jenkinson*) should be given "prospective" application only. Not only has this Court not followed *Chevron* since *Harper* was decided, *see e.g., Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749, 752-54

(1995), but even if *Chevron* retains any residual vitality after *Harper*, *Chevron* does not conflict with the Federal Circuit's analysis and result in this case.

In *Chevron*, this Court recognized that *Rodrique v. Aetna Casualty and Surety Co.*, 395 U.S. 353 (1969), had held that the Outer Continental Shelf Lands Act ("the OCSLA") incorporated the adjacent state's statute of limitations for wrongful death lawsuits, and that plaintiff's lawsuit would therefore be time barred under the law of the adjacent state, Louisiana. 404 U.S. at 105. However, because retroactive application of Louisiana's statute of limitations would "deprive respondent of any remedy whatsoever on the basis of the [unforeseeable] superseding legal doctrine," this Court in *Chevron* held that the Louisiana statute of limitations should not be applied to bar plaintiff's lawsuit retroactively. 404 U.S. at 107-08.

Nevertheless, whether this Court's decision in *Chevron* is viewed as having decided that state statutes of limitation apply in federal court under the OCSLA, or that prescriptive rather than preemptive statutes, still apply under the OCSLA (neither issue decided by *Rodrique*), this Court in *Chevron* did not apply such new rules of law to the parties before it. Because the rules announced by this Court in *Warner-Jenkinson* and by the Federal Circuit in *Festo* were applied to the parties in each case, the application of those rules on prosecution history estoppel to other pending cases are clearly governed by *Harper*, not by *Chevron*.

Whether one looks to this Court's *Warner-Jenkinson* decision or the Federal Circuit's *en banc Festo* decision to resolve this case, the rule of law announced in *Harper* and *Beam* makes those rules applicable to this case because the holdings in both *Warner–Jenkinson* and *Festo* were applied to the parties in those cases. Thus, it would have been error

for the Federal Circuit (or any federal district court) to fail to apply the holdings of *Warner-Jenkinson* and *Festo* to any parties involved in pending litigation presenting the same issue.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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